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PP RUEHWEB

DE RUEHAH #0300/01 0641138  
ZNR UUUUU ZZH  
P 041138Z MAR 08  
FM AMEMBASSY ASHGABAT  
TO RUEHC/SECSTATE WASHDC PRIORITY 0375  
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY  
RUCNCIS/CIS COLLECTIVE PRIORITY  
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY  
RUEHAK/AMEMBASSY ANKARA PRIORITY 3460  
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1278  
RUEHKO/AMEMBASSY TOKYO PRIORITY 1145  
RUEHIT/AMCONSUL ISTANBUL PRIORITY 1714  
RUEHVEN/USMISSION USOSCE PRIORITY 2282  
RHMFIUU/CDR USCENCOM MACDILL AFB FL PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RHEFDIA/DIA WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEKJCS/SECDEF WASHDC PRIORITY  
RUEKJCS/JOINT STAFF WASHDC PRIORITY

UNCLAS ASHGABAT 000300

SIPDIS

SENSITIVE  
SIPDIS

STATE FOR SCA/CEN, EUR/EMB

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [ECON](#) [EINV](#) [UP](#) [TX](#)

SUBJECT: TURKMENISTAN: UKRAINIAN INDUSTRIALIST MENDS  
FENCES, RESTARTS THE BILATERAL RELATIONSHIP

REF: A. ASHGABAT 0295

[1](#)B. 07 ASHGABAT 1186

[1](#)1. (U) Sensitive but unclassified. Not for public Internet.

[1](#)2. (SBU) SUMMARY: With a series of diplomatic and commercial forays in January and February, the Ukrainian government appeared to be aggressively working to resolve contractual issues that have stalled its relations with Turkmenistan for several years. After President Berdimuhamedov publicly made clear that the entire bilateral relationship would remain stagnant until these serious construction contract issues were resolved, the Ukrainian government sent a wealthy industrialist to placate Turkmenistan's president and try to find a solution. In February, Serhiy Taruta of the Donbass Industrial Union agreed to oversee two troubled construction projects to ensure their timely completion. Turkmenistan's government appears to be pleased with this turn of events and has begun to respond to other Ukrainian diplomatic initiatives, such as restarting air service between Ashgabat and Kyiv. Ukrainian efforts to cut a separate deal on natural gas will take more time, but at least the two parties are talking civilly again.  
END SUMMARY.

[1](#)3. (SBU) President Berdimuhamedov recently told a U.S. official that he had warned Ukrainian President Yuschenko earlier this year that if the work did not start back up soon, he would re-open two construction projects to international bidding (Ref A). The warning must have been taken seriously, because on February 4, Serhiy Taruta, a wealthy industrialist and Chairman of the Board of Directors of the Donbass Industrial Union Corporation, arrived in Ashgabat to meet with President Berdimuhamedov. The media reported that after he met again with the president on February 18, Taruta promised to oversee almost \$300 million worth of construction work in Turkmenistan. Media reports indicated that Taruta will be taking responsibility for assuring the completion of two particularly troubled Ukrainian construction projects in Turkmenistan.

¶4. (U) Taruta reportedly talked with the president about the troubled railway and automobile bridge over the Amu Darya that the Ukrainian construction firm UkrTransBud started several years ago and also appears to be taking responsibility for assuring that InterBudMontazh's doomed Ashgabat underground project (Ref B) is completed. According to Turkmenistan's press, he will coordinate the work of Ukrainian companies and will also bring in Russian partners to get both projects done, but no timeline was reported. (COMMENT: It is unclear whether UkrTransBud will play a continued role in construction of the bridge. Ukrainian television reported in January 2008 that the head of UkrTransBud and another company head were to appear in court to address tax evasion charges. The company has likely burned its bridge here in any case, given reports of its role in an embezzlement scandal when the project began. END COMMENT.)

¶5. (SBU) Taruta also talked with President Berdimuhamedov about how Ukrainian companies will move forward on the underground communications infrastructure project in Ashgabat that InterBudMontazh began several years ago. Igor Roman, a political officer at the Ukrainian embassy, said in November 2007 that the project had been fraught with engineering and other technical challenges, including flooding problems due to Ashgabat's shallow and unpredictable water table. He noted that Turkmenistan's government had been impatient and inflexible with Ukrainian company representatives when they tried to explain the problems and find a workable solution. This and other -- possibly financial -- issues had caused the company to stop work on the project.

¶6. (U) Turkmenistan government officials seemed pleased that the Ukrainians had come up with a workable solution, and responded by resuming weekly commercial air service between Ashgabat and Kyiv on February 28. This new air service will likely be filled with Turkmen students attending universities and institutes in Ukraine and with Ukrainian employees working in Turkmenistan. Between November 2005 and June 2006, both Turkmen and Ukrainian airlines had suspended flights when disagreements over Ukrainian natural gas debts and other issues peaked.

¶7. (SBU) COMMENT: Taruta's stated commitment to ensure the timely completion of the construction projects appears to have been well-received in Ashgabat. Turkmenistan government officials would no doubt love to have these two complicated and unfortunate projects out of their hair once and for all, and Taruta's role as overseer means he alone will take the heat if the projects do not show progress. Additionally, now that the two projects will no longer be a burr under the Turkmenistan government's saddle, it is possible that more constructive dialogue could take place between the Turkmen and Ukrainians on the key issue of natural gas imports, as well as on more mundane issues, such as construction of a new Ukrainian embassy or expansion of Ukraine's educational exchange program. END COMMENT.  
HOAGLAND